Developing a Framework for Cost Reduction Strategies through Process Automation in SMEs: A United States Perspective

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Abstract

In the United States, where small and medium-sized enterprises (SMEs) swim in a competitive environment, an arduous task is that of resource optimization without sacrificing one's competitiveness. The automation process of activities has been a very promising opportunity to reduce costs and improve productivity. On the contrary, smaller businesses typically do not spend enough time creating clear roadmaps for how to appropriately take advantage of automation. The goal is to efficiently formulate a cost-reduction framework using process automation in small to medium-sized enterprises in America. The creation of the framework is firmly based on the use of the relevant literature and empirical data to pinpoint the most important themes, such as process identification, technology selection, implementation strategies, and performance measurement. Therefore, through weaving the key themes into a workable model, this paper acts as a pragmatic manual for SMEs who aspire to reap cost reduction and competitiveness gains through the implementation of process automation.

Keywords: Small and Medium-sized Enterprises (SMEs), process automation, cost reduction, framework, United States.

Introduction

Small and Medium-sized Enterprises (SMEs) form an integral part of the United States economy and play an essential role in supplying employment and entrepreneurship, as well as in advancing innovation and economic growth (Varga, 2021). Despite the fact that SMEs face dozens of difficult challenges, including lack of sufficient financial resources, highly intensive competition, and structural inefficiency, they remain the foundation of any national economy (Attaran & Woods, 2019). Among other inefficiencies, the inadequacies of the business procedures may result in high costs, low productivity, and poor competitiveness, respectively (Bushe, 2019). Noting the enormous problems that SMEs are faced with, process automation, which is promising to boost operations efficiency and cut costs, is ideal (Mofolasayo et al., 2022). Automation of the process means technology is put to use in the operations of the business, such as in recurrent tasks, streamlining,
and process regulation, as well as the driving force of constant performance improvement (Pramod, 2022). SMEs can indeed take an upper hand by exploiting existing technologies, including RPA, AI, and ML technologies, which help in the optimal use of resources, avoiding mistakes, and speeding up processes (Bughin, 2018).

Though process automation offers countless opportunities for SMEs to enhance efficiency and productivity, it demands due consideration of a host of elements, namely, organizational culture, technological infrastructure, and strategic alignment of the companies (Ghobakhloo, 2018). In addition, SMEs can face barriers such as limited knowledge, lack of resources, and hostility towards change, which results in difficulties for automation initiatives (Meijer et al, 2019). As such, constructing an inclusive framework that incorporates the issues and strengths of the SMEs is strategic to leverage the full potential of this technology in the processes of reducing costs and increasing competition. This paper seeks to come up with an appropriate framework to formulate a cost-reduction strategy using process automation in small to medium-sized enterprises in the United States by reviewing relevant literature as well as previous case studies in the area. By making an in-depth analysis of the main themes of cost reduction strategies influenced by the automation of processes, the study seeks to show practical measures that will be helpful for owners of SMEs, policymakers, and those who have positions in the sector. This effort is a goal for us to be able to contribute to the acquisition of knowledge in the area of SME management and for further support of efficient strategies to help us grow as sensitive and competitive in the US.

Literature Review

Small and medium-sized enterprises (SMEs), although contributing to only 30% of the national total output, provide 50% of the jobs (Gherghina et al, 2020). The reason for their importance is the role they play in job creation, innovation, and economic resilience. Jewell et al. (2017) noted that SMEs are not only large employers but also increase expeditiously through business enterprise or entrepreneurial vigour, plays a chief role in economic development and innovation in any agriculture, such as tourism, textile, low-value mining, and information communication technology trade sectors. These agile and flexible start-ups operate in harmonious ways to meet market demands, and they thrive by simultaneously introducing new products, services, and business models. Later on, they raise market competition and evolve the industry (Oliva et al, 2019).

Concurrently, SMEs have to cope with a substantial volume of difficulties which ultimately restrain their growth prospects and also pose risks to their continuity (Sadeghi, 2022). Challenges, presented through the absence of funds, difficulties in navigating regulatory frameworks, and the inability to penetrate local markets and get talented employees, are the range of problems being faced by them (Mukherjee, 2018). Additionally, SMEs exclusively use manual and fragmented processes for their basic operations; hence, getting agility becomes difficult, and in the long term, there is a decrease in productivity, high costs, and low operational efficiency (Escamilla et al, 2021).

The challenges are the reasons for the SMEs to consider process automation in an effort to support their operational efficiency and reduce costs, hence to gain more competitiveness in the market (Ingaldi et al, 2019). The coming up of automation refers to the life processes which comprise the use of technologies in the preparation of optimized business
processes, monotonous tasks, and resource utilization (Aljinović et al., 2021). Using modern technologies like robotic process automation (RPA), artificial intelligence (AI), and machine learning (ML), SMEs will encounter significant improvement in the speed of work, data accuracy, and scaling of the processes (Siderska, 2021).

While automation through the process does entice SMEs, still there are multiple hindrances to be considered for that. The barriers can comprise a shortage of awareness and acceptance of automation technologies, resource constraints, and the organizational capacity to abide by changes (Stentoft et al, 2021). As well as that, small and medium enterprises can encounter problems in the sense of integrating automation latest technologies with their old processes and systems, and issues concerning security and confidentiality of information (Horváth et al, 2019).

The effectiveness of process automation taking place in SMEs depends primarily on some very important conditions, among them the leadership and culture of the organization as well as staff training (Mittal et al, 2018). Creating a culture that focuses on innovation, continuous improvement, and which unites around these values is critical for building up such a favourable atmosphere for the firms that implement new kinds of automation. Moreover, skilful leadership support and sensible change management methods are vital to fitting issues of organizational resistance and providing momentum for adoption efforts (Mittal et al, 2018).

In addition, SMEs may be faced with the dilemmas of smoothly supporting the automation tasks' assimilation into their strategic planning and adapting the automation technologies into their business environment to enable the enterprises' scale-up and growth (Anbuudayasankar et al., 2020). Partnership with technology vendors and organisational partners, among other actors, will be integral to the successful application of automation technologies that are best suited to the requirements of SMEs and thus minimise the challenges associated with their application and facilitate immediate benefits realisation (Han et al., 2022). Multiple examples show positive outcomes from process automation adoption in relation to obstacles faced by SMEs, which makes them a source of useful information. Such case studies therefore shed light on how organizations in diverse industries have been able to implement automation effectively, and where case studies provide insight into actionable strategies and practical guidelines for SMEs' automation journeys (Dutta et al., 2020). The limited scale and financial resources of SMEs in the United States create significant challenges such as intense competition, high production costs, and low productivity. However, automation of these processes can counter these constraints and play a key role in reducing costs. Automation helps to reduce operational ineffectiveness and make SMEs more productive. This means that they can succeed in today's environment by diligently working around challenges.

Methodology

This paper utilizes a qualitative approach to develop a framework for cost reduction via process automation in small and medium-sized enterprises in the U.S. The ways and means of this approach lay out an in-depth research of existing bodies of literature, such as academic articles, industry reports, and case studies, to identify key themes and successful practices related to the use of process automation in SMEs.

The study adds to the literature review by analytically investigating successful SMEs implementing process automation
during the case studies. They demonstrate concrete solutions to the issues faced by SMEs in diverse industries and practical experience in this area.

Additionally, the methodology incorporates the synthesized information from the literature review and case studies for building a structured framework for cost reduction strategies through process automation.

Framework Development

The table below outlines the themes for the development of a framework for cost-reduction strategies influenced by the automation of processes.

<table>
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<th>THEME</th>
<th>Description</th>
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<tr>
<td>Needs Assessment and Strategic Alignment</td>
<td>Comprehensive Analysis: Conduct a detailed analysis of the SME's operations, including workflow processes, resource allocation, and pain points. Identify tasks that are repetitive, time-consuming, error-prone, or resource-intensive, which are prime candidates for automation (Potinkara, 2022). Strategic Alignment: Align automation initiatives with the organization's strategic goals and objectives. Determine how automation can support overarching business objectives such as cost reduction, efficiency improvement, customer satisfaction enhancement, and competitive advantage (Torres de Oliveira et al., 2023).</td>
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<td>Technology Selection and Integration</td>
<td>Technology Evaluation: Assess available automation technologies, considering factors such as functionality, scalability, ease of implementation, compatibility with existing systems, and total cost of ownership (Shetty et al., 2021). Evaluate solutions such as robotic process automation (RPA), business process management (BPM) software, artificial intelligence (AI), and machine learning (ML) (Dutta et al., 2022). Integration Planning: Develop a comprehensive integration plan to ensure seamless integration of chosen automation solutions with existing IT infrastructure, applications, and databases (Lu, 2017). Address data migration, API integration, system compatibility, and user interface considerations to minimize disruption and maximize efficiency gains (Karunamurthy et al., 2023).</td>
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<td>Organizational Culture and Change Management</td>
<td>Culture Transformation: Encourage a mindset of innovation, agility, and flexibility as well as individual and collective adoption of automation initiatives (Aan, 2023). Convey the benefits of automation, engage employees in the decision-making process (Zighan et al, 2023). Change Management: Design a strong change management strategy to cover the likely resistance towards robot adoption (Mittal et al, 2018). Conduct extensive training, import resources, and promote support to facilitate the movement of employees who have new positions and assignments (Horváth et al., 2019). Highlight that automation makes jobs more meaningful, skills richer, and growth opportunities brighter (Mittal et al, 2018,).</td>
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<td>Process Optimization and Standardization</td>
<td>Process Analysis: Explore and study thoroughly the current processes applied in the business so as to identify the inefficiencies, bottlenecks, and promotional goals (Flechsig et al, 2022). Design and build flows that support elimination of redundant and multiple steps, standardize the procedures to increase efficiency, and support automation (Marr, 2019). Standardization: Introduce procedural and flow standardization through the performance of SOPs and workflow documentation for automated process consistency and repeatability. Sexual harassment has no place in the workplace, and it should be defined clearly; the roles, responsibilities, and decision-making authority so as to avoid ambiguities and streamline the execution (Alaskari et al, 2021)</td>
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<td>Performance Measurement and Continuous Improvement</td>
<td>KPI Development: Establish essential performance indicators (KPIs) and trackers to assess the performance and success of automation projects (Qureshi et al., 2021). Set up the benchmarks and the cut-off for reduction in cost, improvement in productivity, reduction in error, and enhancement in customer satisfaction (Prashar, 2018). Data Analysis: Dive into the abundance of performance data through collecting, analyzing, and interpreting to spot the underlying patterns and areas for tapering (Hurstenen, 2020). Data-driven insights should be used to make correct choices and establish automation area</td>
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| **Collaboration and Knowledge Sharing** | Stakeholder Engagement: Create an environment of constant cooperation and information exchange between the internal (staff, managers, executives) and external (technology providers, industry organizations, and educational institutions) parties (Li, 2019). Obtain cross-functional teams to share each other’s success stories and experience on what works best and lessons learned about automating the processes (Ricci et al, 2021).

Community Engagement: Attend industry forums, conferences, as well as networking events in order to mingle with your peers and also learn from experts in process automation. This way, you can keep yourself up to speed on emerging trends and newer automation technologies (Camilleri, 2019). Spread stories regarding your expertise, mastery, and victory that through that you may help build the collective knowledge pool and progress the whole industry (Han et al, 2022). |
| **Regulatory Compliance and Risk Management** | Regulatory Adherence: It is important to make sure of conformity with the regulatory requirements, high industry standards, and applicable data protection regulations which provide guidance on using automation technologies (Tikkinen-Piri et al, 2018). Put in place the regulatory policies that will ensure data confidentiality, security, and ethical standards so as to contain the privacy and reputation issues that may arise (Tikkinen-Piri et al, 2018).

Risk Mitigation: Consider risk factors and weaknesses associated with process automation, such as hacks, system failures, and operational disruptions pointed out by Prinsloo (2019). Implement planned strategies of risk mitigation, and disasters recovery procedures will be done to reduce the effects of unseen events which will ensure continuity of business (Bécue et al, 2021). |
| **Scalability and Flexibility** | Scalable Architecture: Design solutions for automation taking into account scalability and flexibility to avoid future issues such as growing business demand, changes in requirements, and technology advancements (Javaid et al 2022). Make use of scalable, modular architectures to enable onboarding easily the changing and new technologies (Javaid et al 2022).

Agile Implementation: Establish an agile working philosophy, which will help to introduce automated solutions, from simulation to implementation, in a faster way (Abrahamsson et al., 2017). Support a culture of constant innovation and change to be able to meet the business environment dynamically and to keep up with market innovations and customers’ needs (Abrahamsson et al., 2017). |
Strategic Planning

Strategic planning is the starting point for all winning automation processes in SMEs. In this phase, a needs assessment is conducted for the full range of functionality with a view to identifying all pain points, together with the purpose to adjust automation measures to the strategic objectives. For example, an SME on the manufacturing side may experience significant chokepoints in operations processes due to data entry and inventory management. In order to bring this sustainability into line with the strategic goal of an organization regarding the excellence of business processes, the SME can outline the fields for a high level of automation.

Performance measurements and continuous improvement are the key components that are important while developing a strategy. To measure the efficacy of automation projects, SMEs need to define their KPIs and indicators (Potinkara, 2022). For example, a service-based company that will implement Customer Relationship Management (CRM) can track KPIs like how long it takes to respond to a customer or how successful their conversion should be. Repeated monitoring and investigation of these indicators allows SMEs to point out other areas where they can continue optimizing and refining their automation processes. Thus, SMEs are improving the best practice protocols of their automation systems.
Implementation

Implementation is a process of helping SMEs to come up with the necessary automation and initiatives. The process of tool selection and integration is very fundamental at this stage. SMEs need to decide which automation technology is perfect for their environment based on their business principles and the function of the technology. For example, an SME in retail may use robotic process automation software (RPA) to automate repetitive tasks such as order processing and inventory management, leading to a decrease in manual errors and an improvement in operational efficiency.

Organizational behaviour and change management are very important factors in establishing automation projects (Mittal et al, 2018). For instance, a workflow process is being set up to remove the human involvement in the commencement when an affected SME adopts the new approach, needs to deal with resistance to change from the employees who are used to the old way of working. Another means of playing down this resistance is to build an environment for innovation and offer complete training and technical support.

Working together and information exchange are crucial for SMEs to make use of such insights and methods at the process level. SMEs can enjoy partnering with peers from other industries, technology vendors, and sector associations in order to exchange ideas and brainstorm on solutions around the same issues that might be faced by individual business entities (Ricci et al, 2021). Another example could be that SMEs get an opportunity to be a part of industry forums and conferences that provide knowledge on the latest automation trends and technologies. As a result, wise decision-making and successful strategic planning are achieved.

The SMEs should be in full compliance with the legal requirements which safeguard data privacy, data security, and the ethical use of automated technologies (Tikkinen-Piri et al, 2018). Further, risk assessment as well as measures for problems associated with automation-based implementation, namely, data breaches and system failures, ought to be identified and addressed with all seriousness to ensure business operations and continuity, as well as the good reputation of the business.

Adaptation and Scalability

Lastly, adaptivity and scalability are the vicious cycle that requires SMEs to maintain the agility and elasticity levels in front of the new environment of their business. The developing of scalable and flexible automation solutions would be the best way for SMEs to meet both current goals and future growth (Javaid et al., 2022). One illustration of this is that an e-commerce SME may carry out a scalable order processing system that can accommodate huge order volumes during peak seasons without stumbling.

In conclusion, planning across strategic planning, implementation, and adaptation and scalability are important elements of a complete blueprint of different approaches to process automation for cost reduction in small and medium enterprises (SME). The optimal way to stay competitive means SMEs should combine their automation strategy with business objectives, choose the right technologies, set up an innovative culture, cooperate with other companies in the market, and
design scalable solutions. Automation initiatives help reduce costs and improve overall business performance.

Application of the Framework

Case Study Examples of SMEs Implementing Process Automation

As an SME demonstration, SmartMart, a small grocery store chain operating in different cities in the United States, is a good example of how a company can implement process automation successfully. The vendor name, SmartMart, was faced with challenges in considering its inventory materials management and customer checkout processes, whereby it employed an automated integrated solution. This led them to implement a factoring of inventory framework incorporating RFID technology, in which the product tracking and replenishment processes were automated in real time. Furthermore, more self-checkout aisles that feature barcode scanners have been made to reduce queue times and offer more convenience for customers. In a nutshell, SmartMart was able to enjoy greater inventory accuracy, optimization of staffing levels, and the best shopping experience that their customers could ever have (Ahn, 2022).

Practical Application of the Framework in Real-world Scenarios

TechSolutions, a consulting firm for technology headquartered in New York, provides a practical example in which the implementation of agile methods is aimed at running projects more successfully. TechSolutions found that project documentation was a crucial weakness resulting in an inefficient time framework through the strategic plan and based on need. For example, through the use of project management that can be combined with automation tools, automated reporting, task assignment, and client communication. This workflow restructures, therefore, allows the consultants to have greater focus on the dear and important activities like client consultation and solutions for problems. As a result, TechSolutions accomplished better time delivery, showed possible client satisfaction, and gained a market advantage. (TechSolutions, 2024)

Challenges and Lessons Learned from Implementation

Although SMEs are quite good at dealing with those challenges, they usually face some obstacles during the period of process automation. For example, GrowthMark, a digital marketing agency in California, where resistance to the adoption of automated marketing and hard analytics has been an issue. In order to address this, GrowthMark replaced the go-to method with a comprehensive change management strategy, consisting of training, communication, and employee engagement. They focused on the advantages of automation and held training sessions, while also soliciting the opinions of other employees regarding the way forward. Additionally, they learned the importance of scalability and flexibility in automation solutions to accommodate changing business needs and technological advancements. Through perseverance and effective change management, GrowthMark successfully overcame resistance and realized the benefits of process automation, including improved marketing campaign effectiveness and streamlined analytics reporting (GrowthMark, 202).
The concept of a real-life case for cost reduction strategies through the automation of processes in the United States can be used by very small firms to identify the concrete challenges within the operational area, gain specific benefits, and avail cost-effective solutions to the implementation barrier. Through the experience gained from observing and succeeding examples, real-life applications, and insights, SMEs have the opportunity to create individualized methods of process automation that enhance the advancement of their organizations to the same level as the competition in the dynamic US market.

Implications for SMEs in the United States

The introduction of process automation has a lot of implications for the SMEs operating in the United States. Through incorporating automation technologies, SMEs can achieve a higher standard of competition, optimize their production, and survive volatile business environments. SmartMart, TechSolutions, and GrowthMark are the case studies showing what automation can do for SMEs of different sectors and how these specific industry challenges can be solved using process automation in retail, consulting, and digital marketing. It goes to show that process automation at the SME level is not only possible but beneficial to many sectors of the economy.

Opportunities for Future Research

The mentioned research is a good start, and it gives an entity a complete view of how SMEs can apply process automation, but there are other researches showing other trends and advancements in the automation field. Conducting studies can involve topics such as a study on the influence of artificial intelligence (AI) and machine learning (ML) on the automation of processes, an analysis of the integration of the Internet of Things (IoT) in automated workflows, and a series of tests on the scalability of automation solutions for SMEs.

Moreover, more investigation could entail studying the socio-economic affectations of automation incorporation, involving factors such as employment stability, skill standards, and salary disparity. Addressing how automation changes an employment market and organizational structures in SMEs will be a key focus for policymakers, industry stakeholders, and researchers.

Policy Considerations and Support Mechanisms

Furthermore, policymakers should continue to roll out carefully designed fiscal policies and ensure a conducive atmosphere for technological innovation. Policy aspects might have to do with incentivizing SMEs to invest in automation, for example, through a tax credit or a grant for the adoption of the technology. Similarly, the government can ensure that small and medium-scale enterprises participate in training programs and the development of resources to increase their workforce proficiency through technological change.
Furthermore, lawmakers ought to come up with regulations that are geared towards issues that touch on data privacy, cyber security, as well as intellectual property products in connection with automation. Broad parameters and standards allowing technological ethics into use while protecting consumer rights and privacy should definitely be key components of the clear guidelines and standards we need.

Conclusion

To sum up, process automation gives a great gift of cost minimization and high efficiency to all kinds of small and medium businesses in America of any type. By developing well-thought-through strategies, adopting technological advances, and adjusting organizational structures, SMEs can apply the power of automation to achieve business growth and remain competitive in the digital world. The framework in this article is developed as a practical guide for SMEs, which can lead them to the technologies of automation, and it also gives them a chance to know a lot about real-life cases and the application of activities through lessons learned. By implementing process automation and addressing its repercussions, potentials, and pitfalls, SMEs can achieve preparation for the future and put themselves in a good spot in a fast-changing US corporate reality.

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